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E.O. 12958: DECL: 10/03/2026
TAGS: [EFIN](#) [KTFN](#) [PREL](#) [PTER](#) [PA](#)
SUBJECT: PARAGUAY: PRENOTIFICATION OF DOMESTIC USG
DESIGNATION OF HIZBALLAH-RELATED INDIVIDUALS/ENTITITES IN
THE TRI-BORDER AREA

REF: STATE 192347

Classified By: PolCouns James P. Merz; Reasons 1.4(b),(d)

¶1. (C) Key Paraguayan interlocutors November 30 welcomed being informed about the impending U.S. designation of nine individuals and two entities from the TBA associated with Hizballah and conveyed a readiness to explore what Paraguay may be able to do to "embargo" the assets of these individuals and entities.

-- Attorney General Ruben Candia remarked that Paraguay would need to open criminal cases against the named individuals or entities in question before taking any action on their assets. He was not familiar with options but assured POL Chief that he would consult with his advisors about available legal mechanisms.

-- Anti-Money Laundering Secretariat (SEPRELAD) Director Carlos Yegros conveyed his commitment to exploring with Paraguayan financial institutions whether any of the individuals and entities to be notified had assets registered in Paraguay. He asserted that any motion to embargo assets would have to come from the Attorney General's office based on its having opened a case against the individuals or entities but assured POL Chief he was prepared to initiate contact with the Attorney General to explore options.

-- Ana Mireya Ayala, the Acting Director of the MFA's Office of Special Affairs which covers Paraguay's counter terror portfolio, was pleased the U.S. was opening a discussion of this matter in the runup to the 31 meeting in Buenos Aires. While meeting with the POL Chief, Ayala took a call from her boss Min. Victor Hugo Pena who is the Director of the Office of Special Affairs and will head Paraguay's delegation to the 31 meeting. She made a point of giving him a heads up on the U.S. demarche promising to fax him our info soonest. When Pena met with POL Chief earlier in the month, he expressed an interest in receiving more specific information on terror financing in the TBA, noting in particular the September settlement Bank of America reached with Manhattan

district prosecutor Robert Morgenthau to pay a fine of approximately \$7 million when it acknowledged its lax operations had allowed up to \$3 billion dollars to be laundered out of the TBA.

-- Supreme Court Judge Fretes, who has long collaborated with Post on the prosecution of several terrorist financiers on tax evasion charges, opined that the best way to move on the

assets of the individuals and entities named might prove securing a Presidential decree to that effect. He told POL Chief he would explore options given legal constraints in Paraguay to embargo assets absent strong legal grounds.

¶2. (C) Ambassador took advantage of a lunch with the Brazilian Ambassador November 29 to share with him our information on designation. Noting our effort to prove more responsive to the long-standing GOB request for more concrete information on terrorist financing in the TBA, AMB noted that the GOB was being contacted directly in Brasilia and assured the Brazilian Ambassador we expected to revisit this issue in greater detail at the 3 1 meeting. The Brazilian Ambassador expressed appreciation for U.S. willingness to provide specific information, especially prior to the 3 1 meeting, but declined to make any substantive comment.

¶3. (C) COMMENT. Paraguayan law provides for "preventive embargo" vice "freezing of assets." The Attorney General's Office may request a judge to authorize the "preventive embargo" of only those assets tied to the formal investigation of an individual. Only in the event there is either a concern an individual may flee or the expectation the individual may ultimately be fined might a judge agree to the embargo all of an individual's assets. SCJ Fretes' notion of pursuing a presidential decree to embargo assets offers an interesting way to shortcut the process if proven a legally viable option. Even if it is, it remains to be seen what the prospects are of securing the President's commitment to a measure that will surely provoke domestic and regional controversy. END COMMENT.
CASON